



# PROPOSED RULE MAKING

**CR-102 (June 2004)**

(Implements RCW 34.05.320)

Do NOT use for expedited rule making

Agency: Insurance Commissioner

- ☒ Preproposal Statement of Inquiry was filed as WSR 07-21-134 ; or  
☐ Expedited Rule Making--Proposed notice was filed as WSR \_\_\_\_\_; or  
☐ Proposal is exempt under RCW 34.05.310(4).

- ☒ Original Notice  
☐ Supplemental Notice to WSR \_\_\_\_\_  
☐ Continuance of WSR \_\_\_\_\_

Title of rule and other identifying information: System for Electronic Rate and Form Filing (SERFF)

Insurance Commissioner Matter No. R 2007-11

**Hearing location(s):**

Insurance Commissioner's Office

Insurance 5000 Building

5000 Capital Blvd.

Room TR-120

Tumwater, WA 98504-0255

Date: August 13, 2008 Time: 10:00 AM

**Submit written comments to:**

Name: Kacy Scott

Address: PO Box 40258, Olympia, WA 98504-0258

e-mail [KacyS@oic.wa.gov](mailto:KacyS@oic.wa.gov)

fax (360) 586-3109 by August 12, 2008

**Assistance for persons with disabilities:**

Contact: Lorie Villaflores by August 12, 2008

TTY (360) 586-0241 or (360) 725-7087

**Date of intended adoption:** September 15, 2008.

(Note: This is NOT the effective date)

**Purpose of the proposal and its anticipated effects, including any changes in existing rules:**

These are new procedural rules that designate the System for Electronic Rate and Form Filing (SERFF), developed by the National Association of Insurance Commissioners (NAIC) as the method by which insurers must file property, casualty, disability, life and annuity products through. As part of this rule-making process, the Insurance Commissioner proposes rate and form filing procedures that are compatible with electronic filings.

**This proposal:**

1. Creates new chapters for Property and Casualty rate and form filings.
2. Creates a new chapter for Motor Vehicle Service Contract filings.
3. Amends chapter 284-58 to apply only to Life, Disability and Credit insurance products.
4. Repeals nineteen obsolete rules.
5. Publishes web-site addresses where insurers can find up-to-date filing instructions. The insurance commissioner will file current instructions with the Code Reviser on an informational basis with Rule-Making Order.

**Reasons supporting proposal:** SERFF is a key component of the NAIC Speed to Market initiative. The SERFF system enables insurance companies to send and states to receive, comment on, and approve or reject insurance industry rate and form filings. The SERFF system is designed to improve the efficiency of the rate and form filing and approval process and to reduce the time and cost involved in making regulatory filings. To date, thirteen other states have mandated that insurers transmit rate and form filings through SERFF, and it is rapidly becoming the filing tool of choice by insurance companies.

**Statutory authority for adoption:** RCW 48.02.060; RCW 48.110.150**Statutes being implemented:** RCW 48.18.100; RCW 48.18.103; RCW 48.19.010; RCW 48.19.040; RCW 48.19.043; RCW 48.34.100; and RCW 48.110.073**Is rule necessary because of a:**

Federal Law?

☐ Yes☒ No

Federal Court Decision?

☐ Yes☒ No

State Court Decision?

☐ Yes☒ No

If yes, CITATION:

**CODE REVISER USE ONLY****OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED****DATE: June 25, 2008****TIME: 7:54 AM****WSR 08-14-055****DATE**

June 25, 2008

**NAME**

Mike Kreidler

**SIGNATURE****TITLE**

Insurance Commissioner

(COMPLETE REVERSE SIDE)

**Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:** None.

**Name of proponent:** Mike Kreidler, Insurance Commissioner

☐ Private  
☐ Public  
☒ Governmental

**Name of agency personnel responsible for:**

Name	Office Location	Phone
Drafting.....Lisa Smego	PO Box 40255, Olympia, WA 98504-0255	(360) 725-7134
Implementation...Beth Berendt	PO Box 40255, Olympia, WA 98504-0255	(360) 725-7117
Enforcement.....Carol Sureau	PO Box 40255, Olympia, WA 98504-0255	(360) 725-7050

**Has a small business economic impact statement been prepared under chapter 19.85 RCW?**

☐ Yes. Attach copy of small business economic impact statement.

X No. Explain why no statement was prepared.

- A) This filing is solely procedural. For the most part, the proposed rules codify existing procedures for filing and amend some procedures to meet the needs of filing rates and forms electronically. These rules do not add substantive changes or restrictions to any existing rate or form review processes.
- B) The set of proposed rules under Chapter 284-20C required a different analysis in this regard. Unlike the other proposed rules in this filing, the proposed rules for Motor Vehicle Service Contracts under Chapter 284-20C are not focused on implementation of electronic filing. These rules are the necessary result of the 2006 passage of Substitute House Bill 2553; sections 1, 3, 16, 18 and 20 of the bill expressly address the filing requirements for motor vehicle service contracts—which resulted in these contracts included under Chapter 48.110 RCW. The prior chapter regulating motor vehicle service contracts (Chapter 48.96 RCW) was repealed as part of this legislation.

Despite this difference in intent, there is ample justification for considering the adoption of the proposed new WAC Chapter 284-20C as procedural in nature:

- Because these contracts are not filed electronically there are no provisions in the new proposed chapter for electronic filing. In almost every other aspect, the proposed rules for these service contracts strongly parallel those for other similar filings.
- The basis for these proposed new rules can be found in RCW 48.110.150 (which gives OIC the authority to "adopt rules to implement and administer" RCW Chapter 48.110); the proposed new rules do not add major new definitions or significantly alter the processes described in the implementation bill. These new rules are not replacing any prior rules but are solely focused on implementation of the 2006 legislation.
- The primary new compliance requirement in the proposed chapter—a compliance checklist to be filled out by motor vehicle service contract providers—will assist contract providers in complying with the law and avoiding penalties under the consumer protection act. The information to be supplied on the checklists is consistent with the compliance information published in the Product Locator at the National Association of Insurance Commissioners website; many insurance companies already use the product locator to make sure their filings are compliant with state laws and rules. The worksheets provide motor vehicle service contractors with a comparable tool to ensure their service contracts contain provisions that are legal under chapter 48.110 RCW.

Because the new rules are only procedural in nature and any costs imposed are the result of law (and not these proposed rules) no small business economic impact statement is needed.

**Is a cost-benefit analysis required under RCW 34.05.328?**

☒ Yes

☐ No:

## Chapter 284-20B WAC

### RULES FOR FILING PROPERTY AND CASUALTY FORMS

#### NEW SECTION

**WAC 284-20B-005 Definitions that apply to this chapter.** The definitions in this section apply throughout this chapter:

(1) "Advisory organization" means an entity not licensed under RCW 48.19.180 that files advisory forms with the commissioner.

(2) "Complete filing" means a package of information containing insurance forms, supporting information, documents and exhibits submitted to the commissioner electronically using the System for Electronic Rate and Form Filing (SERFF).

(3) "Date filed" means the date a complete filing has been received and accepted by the commissioner.

(4) "Filer" means a person, organization or other entity that files insurance forms with the commissioner for an insurer.

(5) "Insurance" means the same as in RCW 48.01.040.

(6) "Insurer" means an insurer defined in RCW 48.01.050 to which the commissioner has issued a certificate of authority under chapter 48.05 RCW.

(7) "Member" or "subscriber" means an insurer that has granted filing authority to a rating organization under RCW 48.19.050, and includes service purchasers.

(8) "NAIC" means the National Association of Insurance Commissioners.

(9) "Objection letter" means correspondence created in SERFF and sent by the commissioner that:

(a) Requests clarification, documentation or other information;

(b) Explains errors or omissions in the filing; or

(c) Disapproves a form under RCW 48.18.110.

(10) "Property and casualty insurance" means all types of:

(a) Property insurance defined in RCW 48.11.040;

(b) Marine and transportation insurance defined in RCW 48.11.050;

(c) Vehicle insurance defined in RCW 48.11.060;

(d) General casualty insurance defined in RCW 48.11.070; and

(e) Title insurance defined in RCW 48.11.100.

(11) "Rating organization" or "bureau" means an entity licensed under RCW 48.19.180 that files forms on behalf of its members, subscribers, and service purchasers.

(12) "SERFF" means the System for Electronic Rate and Form Filing. SERFF is a proprietary NAIC computer-based application that allows filers to create and submit rate, rule and form filings electronically to the commissioner.

(13) "Type of insurance" means a specific type of insurance listed in the *Uniform Property and Casualty Product Coding Matrix* published by the NAIC and available at [www.naic.org](http://www.naic.org).

#### NEW SECTION

**WAC 284-20B-010 Purpose and scope of this chapter.** (1) The purpose of this chapter is to adopt processes and procedures for insurers and filers to use when they submit property and casualty insurance forms to the commissioner under chapter 48.18 RCW.

(2) This chapter applies to insurers, advisory organizations and rating organizations that file property and casualty insurance forms under RCW 48.18.100 and 48.18.103.

(3) This chapter is effective on January 1, 2009. All form filings received on or after January 1, 2009, must comply with this chapter.

#### NEW SECTION

**WAC 284-20B-020 Filing instructions that are incorporated into this chapter.** SERFF is a dynamic application that the NAIC will revise and enhance over time. To be consistent with NAIC filing standards and provide timely instructions to filers, the commissioner must incorporate documents posted on the SERFF web site into this chapter. By reference, the commissioner incorporates these documents into this chapter:

(1) The *SERFF Industry Manual* posted on the SERFF web site ([www.serff.com](http://www.serff.com)); and

(2) The *Washington State SERFF Property and Casualty Form Filing General Instructions* posted on the commissioner's web site ([www.insurance.wa.gov](http://www.insurance.wa.gov)).

#### NEW SECTION

**WAC 284-20B-030 General form filings rules.** Filers must submit complete filings that comply with the *SERFF Industry Manual* posted on the SERFF web site ([www.serff.com](http://www.serff.com)) and *Washington State SERFF Property and Casualty Form Filing General Instructions* posted on the commissioner's web site ([www.insurance.wa.gov](http://www.insurance.wa.gov)). All form filings must comply with these rules:

(1) Insurers must file property and casualty insurance forms under RCW 48.18.100(1) or 48.18.103(3). Filers may not use the certification process described in RCW 48.18.100(2) to file property and casualty insurance forms.

(2) Filers must submit all insurance forms and related documents to the commissioner electronically using SERFF.

(a) Every form filed in SERFF must be attached to the form schedule.

(b) All written correspondence related to a form filing must be sent in SERFF.

(3) Filed forms must be legible for both the commissioner's review and retention as a public record. Filers must submit forms to the commissioner for review in:

(a) Final printed form or printer's proof format; and

(b) Ten-point or larger type.

(4) Each form must have a unique identifying number and a way to distinguish it from other editions of the same form.

(5) Filers must not submit combined rate and form filings.

#### NEW SECTION

**WAC 284-20B-040 The commissioner may reject filings.** (1) The commissioner may reject and close any filing that does not comply with WAC 284-20B-030. If the commissioner rejects a filing, the insurer has not filed forms with the commissioner.

(2) If the commissioner rejects a filing and the filer resubmits it as a new filing, the date filed will be the date the commissioner receives the new filing.

#### NEW SECTION

**WAC 284-20B-050 Rules for rejected filings made under RCW 48.18.103.** RCW 48.18.103(3) says an insurer must file forms within thirty days after the insurer issues them. If the commissioner rejects a filing under WAC 284-20B-040, the insurer has not filed forms with the commissioner. If the commissioner rejects a filing

submitted under RCW 48.18.103, the:

(1) Filer must promptly send a new filing to the commissioner within the original thirty-day use and file period in RCW 48.18.103(3); or

(2) Insurer must stop issuing policies using forms sent with the rejected filing and amend policies using approved forms.

#### NEW SECTION

**WAC 284-20B-060 Filing authorization rules.** An insurer may authorize a rating organization or a third-party filer to file forms on its behalf. For the purposes of this section, a "third-party filer" means a person or entity in the business of providing insurance regulatory compliance services.

(1) If an insurer delegates filing authority to a third-party filer, each filing must include a letter as supporting documentation signed by an officer of the insurer authorizing the third-party filer to make filings on behalf of the insurer.

(2) The insurer may not delegate responsibility for the content of a filing to a third-party filer. The commissioner will consider errors and omissions made by the third-party filer to be errors and omissions of the insurer.

(3) If third-party filer has a pattern of making filings that do not comply with this chapter, the commissioner may reject a delegation of filing authority from the insurer.

#### NEW SECTION

**WAC 284-20B-070 Rating organization "bureau" rules.** Under RCW 48.19.050, an insurer may authorize a bureau to file forms on its behalf. This section applies to members or subscribers that have granted filing authority to a bureau. Bureau members or subscribers must follow instructions provided by the bureau when they implement, delay or nonadopt a bureau form filing that has been approved by the commissioner. The insurer must make a filing with the commissioner if it delays the effective date, nonadopts or changes the bureau filing in any way. The filing must:

(1) Include a statement of changes proposed by the insurer;

(2) Provide the filing number used by the bureau when it filed the forms; and

(3) Be received by the commissioner in a timely manner.

(4) For purposes of this section, "timely" means:

(a) Before the bureau effective date if the filing is made under RCW 48.18.100; or

(b) Thirty days after the bureau effective date if the filing is made under RCW 48.18.103.

#### NEW SECTION

**WAC 284-20B-080 Use of rating organization "bureau" forms--No filing authorization.** If a member or subscribing insurer has not authorized a bureau to file forms on its behalf, the insurer must make a filing with the commissioner to use bureau forms.

(1) If the forms are identical to the bureau forms, the filing must include this information:

(a) A statement by the insurer of its intent to use the bureau forms; and

(b) The filing number used by the bureau when it filed the forms.

(2) Insurers must independently file any forms that are not identical in content to approved bureau forms.

#### NEW SECTION

**WAC 284-20B-090 Advisory organization rules.** (1) Advisory organizations may file insurance forms with the commissioner. The commissioner will review advisory forms using the same standards that apply to insurers and rating organizations. If the forms comply with RCW 48.18.110, the commissioner will approve the forms on an advisory basis.

(2) If an insurer decides to use approved advisory forms, the insurer must make an independent form filing. The filing must include:

(a) A statement by the insurer of its intent to use the advisory forms;

(b) The filing number used by the advisory organization when it filed the forms; and

(c) Copies of the advisory forms attached to form schedule.

#### NEW SECTION

**WAC 284-20B-100 Rules for responding to an objection letter.** An objection letter may ask the filer to revise a noncompliant form or provide clarification or additional information about the form.

If a form contains provisions that are contrary to RCW 48.18.110, the objection letter will state the reason(s) for disapproval, including relevant case law, statutes and administrative rules. Filers must:

(1) Provide a complete response to an objection letter. A complete response includes:

(a) A separate response to each objection; and  
(b) A description of changes proposed to noncompliant forms, and, if applicable, a replacement form or amendatory endorsement attached to the form schedule.

(2) Respond to the commissioner in a timely manner.

#### NEW SECTION

**WAC 284-20B-110 Applications and policyholder notices.** RCW 48.18.190 says each form that conflicts with, modifies, or extends a contract of insurance must be in writing and made a part of the policy. Insurers must file these forms under RCW 48.18.100 or 48.18.103. Insurers must file applications and policyholder notices if the:

(1) Application will be used under RCW 48.18.080; or

(2) Policyholder notice amends or modifies policy provisions.

#### NEW SECTION

**WAC 284-20B-120 Rules for replacement forms.** If an insurer files a revised or replaced form, the filer must provide the supporting documentation described below:

(1) A detailed explanation of all material changes to the previously approved form; and

(2) An exhibit that marks and identifies each change or revision to the obsolete form using one of these methods:

(a) A draft form that strikes out deletions and underlines additions or changes in the form;

(b) A draft form that includes comments in the margins explaining the changes in the forms; or

(c) A side-by-side comparison of current and proposed language.



#### NEW SECTION

**WAC 284-20B-130 Effective date rules.** (1) Filers must include a common effective date for all forms submitted in a filing. The insurer may use different effective dates for new and renewal policies if the filing includes this request and the policy includes a liberalization clause or condition.

(2) The proposed effective date must be a specific date.

(a) Vague statements, such as one that says the insurer will implement the filing thirty days after the commissioner's approval is not specific, and does not comply with this rule.

(b) If an insurer is filing a new program or optional endorsement, the filer may request an effective date concurrent with the commissioner's approval.

(3) The proposed effective date must be consistent with the law. Forms filed under RCW 48.18.103 must propose an effective date no more than thirty days before the date filed.

(4) If an insurer revises the effective date, the commissioner must receive this request in SERFF before the original effective date of the filing.

#### NEW SECTION

**WAC 284-20B-140 Reference copies of amendatory endorsements.**

If an insurer will use a previously approved Washington amendatory endorsement with a new form, the filer must:

(1) Provide a copy of the amendatory endorsement attached as supporting documentation; and

(2) Explain how the insurer will use the amendatory endorsement with the new form.

#### NEW SECTION

**WAC 284-20B-150 Rules for insurance forms translated from English to another language.** If an insurer translates an insurance form from English to another language, the filer must:

(1) File both the translated and English versions of the form.

(2) Provide certification by a person certified by the American Translators Association or a comparable organization that the:

(a) Translation is accurate; and

(b) Translated version provides as much coverage as the English version.

(3) Provide certification by an officer employed by the

insurer that it will interpret the translated form based on the version most favorable to the policyholder.

#### NEW SECTION

**WAC 284-20B-160 Exemption for unauthorized insurers.** Chapter 48.15 RCW applies to insurance transactions involving unauthorized surplus line insurers. Under RCW 48.18.100 (1)(e), insurance forms issued by unauthorized surplus line insurers are exempt from filing.

#### NEW SECTION

**WAC 284-20B-170 Exemption for insurance forms issued to large commercial property and casualty accounts.** (1) Under RCW 48.18.103 (3)(a), the commissioner exempts forms issued to insure a large commercial property and casualty account from filing requirements under chapter 48.18 RCW.

(2) For purposes of this section, "large commercial property and casualty account" means property and casualty insurance as defined in WAC 284-24-001(10) that is purchased by a business, not-for-profit organization, or public entity with enough insurance buying experience to negotiate with insurers in a largely unregulated environment and meets any two of the following criteria:

(a) Annual premiums of one hundred thousand dollars or more, excluding workers compensation insurance issued by the department of labor and industries and types of insurance listed in subsection (3) of this section;

(b) Net revenues or sales in excess of one hundred million dollars;

(c) More than two hundred employees;

(d) Net worth over fifty million dollars;

(e) Is a not-for-profit organization or public entity with an annual budget or assets of at least forty-five million dollars;

(f) Is a municipality with a population over fifty thousand.

(3) The exemption provided by this section does not apply to:

(a) Professional liability insurance policies, including all types of malpractice and errors and omissions insurance;

(b) Reimbursement insurance policies that indemnify service contract providers or protection product guarantee providers for contractual obligations assumed under a service contract or protection product guarantee; and

(c) Master policies under which insurers issue certificates of

coverage to individual consumers, households, businesses, or other organizations.

(4) Before an insurer issues an insurance policy under this section, the insurer or its insurance producer must send written notice to the insured that says the:

(a) Insurer has not filed the forms with the commissioner; and

(b) Commissioner has not reviewed and approved the forms.

(5) The Washington insurance examining bureau will not audit property forms used to insure large commercial property and casualty accounts under WAC 284-20-006.

(6) If grounds exist under RCW 48.18.110(1), the commissioner may disapprove a form used to insure a large commercial property and casualty account. If the commissioner disapproves a form under RCW 48.18.110(1), the insurer must construe the form under the provisions of RCW 48.18.510.

(7) Each insurer must keep copies of forms used to insure large commercial property and casualty accounts for at least six years after the date the insurer issues a policy under this section. The insurer must make these records available to the commissioner upon request.

## **Chapter 284-20C WAC**

### **RULES FOR FILING MOTOR VEHICLE SERVICE CONTRACTS**

#### NEW SECTION

**WAC 284-20C-005 Definitions that apply to this chapter.** The definitions in this section apply throughout this chapter:

(1) "Complete filing" means a package of information containing motor vehicle service contracts, supporting information, documents and exhibits.

(2) "Contract" means a service contract covering motor vehicles, as described in chapter 48.110 RCW. Under this definition:

(a) "Motor vehicle" means the same as in RCW 48.110.020(11), and only includes vehicles that are self-propelled by a motor; and

(b) "Service contract" means the same as in RCW 48.110.020(16).

(3) "Date filed" means the date a complete motor vehicle service contract filing has been received and accepted by the commissioner.

(4) "Filer" means a person, organization or other entity that files motor vehicle service contracts with the commissioner.

(5) "Objection letter" means correspondence sent by the commissioner to the filer that:

(a) Requests clarification, documentation or other information;

(b) Explains errors or omissions in the filing; or

(c) Disapproves a motor vehicle service contract under RCW 48.110.073.

(6) "Service contract provider" or "provider" means the same as in RCW 48.110.020(18).

#### NEW SECTION

**WAC 284-20C-010 Purpose of this chapter.** (1) The purpose of this chapter is to adopt processes and procedures for providers and filers to use when they submit motor vehicle service contracts to the commissioner under RCW 48.110.073.

(2) This chapter is effective on January 1, 2009. All motor vehicle service contract filings received on or after January 1, 2009, must comply with this chapter.

#### NEW SECTION

**WAC 284-20C-020 General motor vehicle service contract filing rules.** Filers and providers must submit filings that comply with these rules:

(1) Filers must submit complete filings that comply with the filing instructions and procedures in the *Washington State Motor Vehicle Service Contract Filing Instructions* posted on the commissioner's web site ([www.insurance.wa.gov](http://www.insurance.wa.gov)), which the commissioner incorporates into this section by reference.

(2) Filers must submit every service contract to the commissioner in paper format with a completed motor vehicle service contract transmittal form.

(3) Filers must not combine "prior approval" and "use and file" contracts in one filing. Filers must file these types of contracts separately:

(a) Contracts filed under RCW 48.110.073(2); or

(b) Contracts filed under RCW 48.110.073(3).

(4) Contracts must be legible for both commissioner review and retention as a public record. Filers must submit contracts to the commissioner for review in:

(a) Final printed form or printer's proof format; and

(b) Ten-point or larger type.

(5) Each contract must have a unique identifying number and a way to distinguish it from other editions of the same contract.

(6) Filers must submit a completed compliance checklist with each new motor vehicle service contract. If the filing includes more than one new contract, the filer may:

(a) Complete a separate checklist for each motor vehicle service contract; or

(b) Complete one checklist and submit an explanatory memorandum that lists any material differences between the filed contracts.

#### NEW SECTION

**WAC 284-20C-030 Commissioner may reject motor vehicle service contract filings.** (1) The commissioner may reject and close any filing that does not comply with WAC 284-20C-020. If the commissioner rejects a filing, the provider has not filed the

service contract(s) with the commissioner.

(2) If the commissioner rejects a filing and the filer resubmits it as a new filing, the date filed will be the date the commissioner receives the new filing.

#### NEW SECTION

**WAC 284-20C-040 Rules for rejected filings made under RCW 48.110.073(3).** (1) RCW 48.110.073(3) says contracts must be filed with the commissioner within sixty days after the provider first issues the contract to a consumer. If the commissioner rejects a filing under WAC 284-20C-030, the provider has not filed contracts with the commissioner.

(2) If the commissioner rejects a filing submitted under RCW 48.110.073(3) the:

(a) Filer must promptly send a new filing to the commissioner within the original sixty-day use and file period in RCW 48.110.073(3); or

(b) Provider must stop issuing motor vehicle service contracts sent with the rejected filing.

#### NEW SECTION

**WAC 284-20C-050 Filing authorization rules.** (1) A provider may authorize a third-party filer to file contracts on its behalf. Under this section, a "third-party filer" means:

(a) An administrator as defined in RCW 48.110.020(1);

(b) An insurer; or

(c) A person or entity in the business of providing regulatory compliance services to providers.

(2) If a provider delegates filing authority to a third-party filer, each filing must include a letter signed by an employee of the provider authorizing the third-party filer to make filings on behalf of the provider.

(3) The provider may not delegate responsibility for the content of a filing to a third-party filer. The commissioner will consider errors and omissions made by the third-party filer to be errors and omissions of the provider.

(4) If a third-party filer has a pattern of making filings that do not comply with this chapter, the commissioner may reject a delegation of filing authority from the provider.

#### NEW SECTION

**WAC 284-20C-060 Rules for replacement motor vehicle service contracts.** If a provider revises or replaces a currently approved contract, the filer must:

- (1) Provide a detailed explanation of all material changes; and
- (2) Mark and identify each change or revision to the contract with one of these types of exhibits:
  - (a) A draft contract that brackets deletions and underlines additions or changes in the contract;
  - (b) A draft contract that includes comments in the margins explaining the changes in the contract; or
  - (c) An exhibit that compares current and proposed contract language.

#### NEW SECTION

**WAC 284-20C-070 Effective date rules.** (1) Filers must include a common effective date for all contracts submitted in a filing.

- (2) The proposed effective date must be a specific date.
  - (a) Vague statements, such as one that says the provider will implement a filing thirty days after the commissioner's approval is not specific, and does not comply with this rule.
  - (b) If a provider is filing a new program or optional coverage form, the filer may request an effective date concurrent with the commissioner's approval.
- (3) The proposed effective date must be consistent with the law. Contracts filed under RCW 48.110.073(3) must propose an effective date no more than sixty days before the date filed.
- (4) If the provider revises the effective date, the commissioner must receive the request before the original effective date of the filing.

#### NEW SECTION

**WAC 284-20C-080 Reference copies of amendatory forms.** If a provider will use a previously approved Washington amendatory form with a new contract, the filer must:

- (1) Provide a copy of the amendatory form as supporting documentation; and
- (2) Explain how the provider will use the amendatory form with the new contract.

#### NEW SECTION

##### **WAC 284-20C-090 Rules for responding to an objection letter.**

An objection letter may ask the filer to revise noncompliant contracts or provide clarification or additional information about the contract. If the commissioner finds that a contract contains provisions that are contrary to RCW 48.110.073, the objection letter will state the reason(s) for disapproval, including relevant case law, statutes and administrative rules. Filers must:

(1) Provide a complete response to an objection letter. A complete response includes:

(a) A separate response to each objection; and  
(b) A description of changes proposed to noncompliant contracts, and, if applicable, a replacement contract or amendatory form.

(2) Respond to the commissioner in a timely manner.

#### NEW SECTION

**WAC 284-20C-110 Rules for motor vehicle service contracts translated from English to another language.** If a provider translates a contract from English to another language, the filer must:

(1) File both the translated and English versions of the contract.

(2) Provide certification by a person certified by the American Translators Association or a comparable organization that the:

(a) Translation is accurate; and  
(b) Translated version provides as much coverage as the English version.

(3) Provide certification by an officer employed by the provider that it will interpret the translated contract based on the version most favorable to the contract holder.



## NEW SECTION

**WAC 284-24-001 Definitions that apply to this chapter.**  
Unless otherwise specified in rule, the definitions in this section apply throughout this chapter:

(1) "Advisory organization" means an entity not licensed under RCW 48.19.180 that files advisory rates with the commissioner.

(2) "Complete filing" means a package of information containing rates, supporting information, documents and exhibits submitted to the commissioner electronically using the System for Electronic Rate and Form Filing (SERFF).

(3) "Date filed" means the date a complete filing has been received and accepted by the commissioner.

(4) "Filer" means a person, organization or other entity that files insurance rates with the commissioner for an insurer.

(5) "Insurance" means the same as in RCW 48.01.040.

(6) "Insurer" means an insurer defined in RCW 48.01.050 to which the commissioner has issued a certificate of authority under chapter 48.05 RCW.

(7) "Member" or "subscriber" means an insurer that has paid a rating organization for services under RCW 48.19.050, and includes service purchasers.

(8) "NAIC" means the National Association of Insurance Commissioners.

(9) "Objection letter" means correspondence created in SERFF and sent by the commissioner to the filer that:

(a) Requests clarification, documentation or other information;

(b) Explains errors or omissions in the filing; or

(c) Disapproves the filing under RCW 48.19.100.

(10) "Property and casualty insurance" means these types of insurance:

(a) Property insurance defined in RCW 48.11.040;

(b) Marine and transportation insurance defined in RCW 48.11.050;

(c) Vehicle insurance defined in RCW 48.11.060;

(d) General casualty insurance defined in RCW 48.11.070; and

(e) Surety insurance defined in RCW 48.11.080.

(11) "Rate" or "rates" means all classification manuals, loss costs, rate or rule manuals, rating plans, rating schedules, minimum rates, class rates, and rating rules that insurers must file under RCW 48.19.040 and 48.19.043.

(12) "Rating organization" or "bureau" means an entity licensed under RCW 48.19.180 that files rates on behalf of its members, subscribers, or service purchasers.

(13) "SERFF" means the System for Electronic Rate and Form Filing. SERFF is a proprietary NAIC computer-based application

that allows insurers and other entities to create and submit rate, rule and form filings electronically to the commissioner.

(14) "Type of insurance" means a specific type of insurance listed in the *Uniform Property and Casualty Product Coding Matrix* published by the NAIC and available at [www.naic.org](http://www.naic.org).

AMENDATORY SECTION (Amending Matter No. R 98-4, filed 10/7/98, effective 11/7/98)

**WAC 284-24-005** ~~((Transmittal form required.))~~ **Purpose and scope of this chapter.** ~~((Each rate filing submitted by an insurer shall be submitted with the filing transmittal form prescribed by and available from the commissioner. The insurer shall complete the form in its entirety before it submits the filing.))~~ The purpose of this chapter is to adopt processes and procedures for insurers and filers to use when they submit property and casualty insurance rates and rules with the commissioner under chapter 48.19 RCW. This chapter:

(1) Applies to insurers, advisory organizations and rating organizations that file property or casualty insurance rates under RCW 48.19.040 and 48.19.043; and

(2) Does not apply to insurers or insurance scoring model vendors that file insurance scoring models under RCW 48.19.035 and chapter 284-24A WAC.

NEW SECTION

**WAC 284-24-007** **Filing documents incorporated by reference into this chapter.** SERFF is a dynamic application that the NAIC will revise and enhance over time. To be consistent with NAIC filing standards and provide timely instructions to filers, the commissioner will incorporate documents posted on the SERFF web site into this chapter. By reference, the commissioner incorporates these documents into this chapter:

(1) The *SERFF Industry Manual* posted on the SERFF web site ([www.serff.com](http://www.serff.com)); and

(2) The *Washington State SERFF Property and Casualty Rate Filing General Instructions* posted on the commissioner's web site ([www.insurance.wa.gov](http://www.insurance.wa.gov)).

#### NEW SECTION

**WAC 284-24-011 General rate filing rules.** Effective January 1, 2009, filers must submit complete rate filings that comply with the *SERFF Industry Manual* posted on the SERFF web site ([www.serff.com](http://www.serff.com)) and the *Washington State SERFF Property and Casualty Rate Filing General Instructions* posted on the commissioner's web site ([www.insurance.wa.gov](http://www.insurance.wa.gov)). All rate filings must comply with these rules:

(1) Filers must submit all rate filings and related documents to the commissioner electronically using SERFF.

(2) Filers must send all written correspondence related to a rate filing in SERFF.

(3) Each rate filing must be:

(a) Accurate and internally consistent; and

(b) Submitted separately by type of insurance.

(4) Filers must not submit combined rate and form filings.

#### NEW SECTION

**WAC 284-24-016 Commissioner may reject filings.** (1) The commissioner may reject and close any filing that does not comply with WAC 284-24-011. If the commissioner rejects a filing, the insurer has not filed rates with the commissioner.

(2) If the commissioner rejects a filing and the filer resubmits it as a new filing, the date filed will be the date the commissioner receives the new filing.

#### NEW SECTION

**WAC 284-24-021 Rules for rejected rate filings made under RCW 48.19.043.** RCW 48.19.043(2) says an insurer must file rates within thirty days after the date the insurer first uses them. If the commissioner rejects a filing under WAC 284-24-016, the insurer has not filed rates with the commissioner. If the commissioner rejects a filing submitted under RCW 48.19.043, the:

(1) Filer must promptly send a new rate filing to the commissioner within the original thirty-day use and file period in RCW 48.19.043(2); or

(2) Insurer must stop using the rates sent with the rejected filing and amend policies using approved rates.

#### NEW SECTION

**WAC 284-24-041 Filing authorization rules.** An insurer may authorize a rating organization or third-party filer to file rates on its behalf. For the purposes of this section, a "third-party filer" means a person or entity in the business of providing insurance regulatory compliance services.

(1) If an insurer delegates filing authority to a third-party filer, each filing must include a letter as supporting documentation signed by an officer of the insurer authorizing the third-party filer to make filings on behalf of the insurer.

(2) The insurer may not delegate responsibility for the content of a filing to a third-party filer. The commissioner will consider errors and omissions made by the third-party filer to be errors and omissions of the insurer.

(3) If a third-party filer has a pattern of making filings that do not comply with this chapter, the commissioner may reject a delegation of filing authority from the insurer.

#### NEW SECTION

**WAC 284-24-046 Rating organization "bureau" rules.** Under RCW 48.19.050, an insurer may authorize a bureau to file rates on its behalf. This section applies to members or subscribers that have granted filing authority to a bureau.

(1) Bureau members or subscribers must follow instructions provided by the bureau when they implement, delay or nonadopt a bureau rate filing that has been approved by the commissioner.

(2) If the insurer has authorized the rating organization to make filings on its behalf, the insurer is not required to file new bureau rates with the commissioner, except as provided under WAC 284-24-062.

(3) The insurer must make a filing with the commissioner if an insurer delays the effective date, nonadopts or changes a filing in any way. The filing must:

(a) Include a statement of the changes proposed by the insurer;

(b) Provide the filing number used by the bureau when it filed rates with the commissioner; and

(c) Be received by the commissioner in a timely manner.

(4) Under this section, "timely" means:

(a) Before the bureau effective date if the filing is made under RCW 48.19.040; or

(b) Thirty days after the bureau effective date if the filing is made under RCW 48.19.043.

#### NEW SECTION

##### **WAC 284-24-049 Rules that apply to advisory organizations.**

(1) Advisory organizations may file rates with the commissioner. The commissioner will review the advisory rates using the same standards that apply to insurers and rating organizations. If the rates comply with chapter 48.19 RCW, the commissioner will approve the rates on an advisory basis.

(2) If an insurer wants to use approved advisory rates, the insurer must make a rate filing that includes:

(a) A statement by the insurer of its intent to use the advisory rates;

(b) The filing number used by the advisory organization when it submitted the filing; and

(c) Statistical and actuarial support for each component of the rate filing that is not part of the advisory filing.

#### NEW SECTION

**WAC 284-24-051 Rules for responding to objection letters.** If the commissioner disapproves a filing under RCW 48.19.100, the objection letter will state the reason(s) for disapproval, including relevant law and administrative rules. Filers must:

(1) Provide a complete response to an objection letter. A complete response includes:

(a) A separate response to each objection; and

(b) If appropriate, revised exhibits and supporting documentation.

(2) Respond to the commissioner in a timely manner.

AMENDATORY SECTION (Amending Matter No. R 98-4, filed 10/7/98, effective 11/7/98)

**WAC 284-24-060 Suspension of filing requirements for surplus lines insurance.** Under RCW 48.19.080, the rate filing requirements in chapter 48.19 RCW are suspended (~~((with respect to))~~) for surplus line coverages. Insurers (~~((do not need))~~) are not required to file rates (~~((with respect to))~~) for surplus line ((coverages)) insurance policies placed in this state under chapter 48.15 RCW.

AMENDATORY SECTION (Amending Matter No. R 98-4, filed 10/7/98, effective 11/7/98)

**WAC 284-24-062** (~~(Modification of filing requirements--)~~) **Loss cost filing(s) rule.** (1) The following definitions apply to this rule:

(a) "Prospective loss cost" means that portion of a rate that:  
(i) Provides only for losses and loss adjustment expenses;  
(ii) Does not provide for expenses or profit; and  
(iii) Is based on historical aggregate losses and loss adjustment expenses adjusted through development to their ultimate value and projected through trending to a future point in time.

(b) "Loss cost adjustment" means a factor by which prospective loss costs are multiplied to obtain final rates. A loss cost adjustment must take into account:

(i) Operating expenses;  
(ii) Underwriting profit (or loss) and contingencies;  
(iii) Investment income;  
(iv) Dividends, savings, or unabsorbed premium deposits allowed or returned to policyholders, members, or subscribers;  
(v) Variations in loss experience unique to the insurer making the filing; and  
(vi) Other relevant factors, if any.

(c) "Rate" means the cost of insurance per exposure unit, whether expressed as a single number or separately as prospective loss cost and loss cost adjustment, before application of individual risk variations permitted under WAC 284-24-100. Under this definition, a rate does not include minimum premiums or supplementary rating information.

(d) "Supplementary rating information":

(i) Means any manual or plan of policy writing rules, rating rules, classification system, territory codes and descriptions, rating plans, or any other similar information needed to determine the premium that applies to an insured; and

(ii) Includes factors and relativities, such as increased limits factors, package modification factors, classification relativities, and deductible relativities.

(2) Under RCW 48.19.080, the commissioner may modify the rate filing requirements in chapter 48.19 RCW ((are modified as follows:

~~(a) Rating organizations may)).~~ This rule modifies the rate filing requirements to permit rating and advisory organizations to make reference filings of prospective loss costs.

~~((The))~~ (a) Prospective loss costs filings ((shall)) must contain ((the)) statistical data and supporting information for all calculations and assumptions underlying the prospective loss costs, but do not need to provide the information required by RCW 48.19.040 (2)(b) and (c). ((Filings of)) Prospective loss costs filings must be approved by the commissioner ((prior to)) before use by any insurer as a reference document.

(b) To use rates based on loss costs, a member or ((subscribing insurer of a rating organization)) subscriber must make a loss cost adjustment filing, ((which is subject to)) under

the applicable provisions of RCW 48.19.040 ~~((and/))~~ or ~~((RCW))~~ 48.19.043. ~~The ((filing shall include the following forms, completed in their entirety, prescribed by and available from the commissioner))~~ filer must attach completed copies of these forms to the supporting documentation tab:

(i) A Washington Reference Filing Adoption Form;  
(ii) ~~((For each loss cost adjustment,))~~ A Washington Summary of Supporting Information Form for each loss cost adjustment factor; and

(iii) For each loss cost adjustment with which an expense constant is used, a Washington Expense Constant Supplement.

(c) A member or ~~((subscribing insurer of a rating organization))~~ subscriber may use rates based on the bureau's or advisory organization's prospective loss costs ~~((filed by the rating organization and approved by the commissioner as a reference document))~~ without complying with the requirements of RCW 48.19.040 and 48.19.043 if the:

(i) ~~((The))~~ Commissioner has approved the loss cost reference document;

(ii) Insurer has an approved loss cost adjustment on file with the commissioner and proposes no changes to it; and

~~((+ii) The))~~ (iii) Insurer will begin using the prospective loss costs on the date proposed by the rating organization and approved by the commissioner.

(d) ~~((Once they have been approved and have))~~ After the commissioner has approved a loss cost reference document filing for an advisory organization or bureau and the filing has become effective, the ((latest)) new prospective loss costs ((filed by a rating organization are considered to)) supersede all earlier loss cost filings by that ((rating)) organization. Insurers ((are)) must not ((permitted to)) make loss cost adjustment filings using prospective loss costs that have been superseded.

~~((+2) For purposes of this section, the following definitions apply:-~~

~~(a) "Rating organization" means an organization licensed under RCW 48.19.180.~~

~~(b) "Member or subscribing insurer" means an insurer that has granted filing authority to a rating organization under RCW 48.19.050 or has purchased loss cost services from a rating organization.~~

~~(c) "Prospective loss cost" means that portion of a rate that provides only for losses and loss adjustment expenses and does not include provisions for expenses (other than loss adjustment expenses) or profit, and is based on historical aggregate losses and loss adjustment expenses adjusted through development to their ultimate value and projected through trending to a future point in time.~~

~~(d) "Loss cost adjustment" means a factor by which prospective loss costs are multiplied to obtain final rates. It takes into account:-~~

~~(i) Operating expenses;~~

~~(ii) Underwriting profit (or loss) and contingencies;~~

~~(iii) Investment income;~~  
~~(iv) Dividends, savings, or unabsorbed premium deposits allowed or returned to policyholders, members, or subscribers;~~  
~~(v) Variations in loss experience unique to the insurer making the filing; and~~  
~~(vi) Other relevant factors, if any.~~  
~~(e) "Rate" means the cost of insurance per exposure unit, whether expressed as a single number or separately as prospective loss cost and loss cost adjustment, prior to any application of individual risk variations as permitted by WAC 284-24-100, and does not include minimum premiums or supplementary rating information.~~  
~~(f) "Supplementary rating information" means any manual or plan of policy writing rules, rating rules, classification system, territory codes and descriptions, rating plans, and any other similar information needed to determine the applicable premium for an insured. It includes factors and relativities, such as increased limits factors, package modification factors, classification relativities, and deductible relativities.)~~

AMENDATORY SECTION (Amending Matter No. R 2003-05, filed 10/31/05, effective 1/1/06)

**WAC 284-24-065 Demonstration that rates satisfy the requirements of RCW 48.19.020.** (1) When an insurer or rating organization files rates with the commissioner, it must demonstrate that the proposed rates satisfy the requirements of chapter 48.19 RCW. RCW 48.19.020 requires that premium rates for insurance ~~((shall))~~ are not ~~((be))~~ excessive, inadequate, or unfairly discriminatory. A rate is reasonable and not excessive, inadequate, or unfairly discriminatory if it is an actuarially sound estimate of the expected value of all future costs associated with an individual risk transfer. Such costs include claims, claim settlement expenses, operational and administrative expenses, and the cost of capital.

(2) For the purposes of this section, "operating ratio" means the sum of after-tax underwriting profit (or loss) and after-tax investment income on assets corresponding to unearned premium reserves and loss and loss adjustment expense reserves, divided by premium.

(3) For liability insurance, if the increased limits factors include risk loads, the proportion of the expected premium (net of expenses) arising from the risk loads for all policy limits ~~((shall))~~ must be included in the expected underwriting profit or loss.

(4) ~~((Rates are not considered))~~ The commissioner will not consider rates excessive if the expected operating ratio corresponding to the proposed rate level is less than or equal to five percent.



(5) ~~((Rates are not considered))~~ The commissioner will not consider rates inadequate if the expected operating ratio corresponding to the proposed rate level is greater than or equal to zero.

(6) When an insurer, advisory organization, or rating organization files rates for which the expected operating ratio corresponding to the proposed rate level is less than zero or greater than five percent, it must demonstrate that the proposed rates are consistent with the principles stated in subsection (1) of this section. In other words, the insurer or rating organization must show how it has accounted for all expected costs, including claims, claim settlement expenses, operational and administrative expenses, and the cost of capital.

AMENDATORY SECTION (Amending Matter No. R 98-4, filed 10/7/98, effective 11/7/98)

WAC 284-24-070 ~~((Modification of filing requirements--Refer to company rating.))~~ Rules for risks if there are no rate manuals.

(1) Under RCW 48.19.080, the commissioner may waive insurance rate filing requirements in chapter 48.19 RCW ~~((are modified as to classes of policies))~~. Except as described in subsection (2) of this section, the commissioner will waive rate filing requirements for individual risks or classes of insurance for which the insurer has no classification plan, rate, guide rate, range of rates or rating rule ~~((except as described in subsection (2) of this section. These classes may include))~~. This section applies to these classes of insurance:

(a) A class in which risks are so different from each other that no rate or range of rates could be representative of all;

(b) A class that does not develop enough loss experience to warrant any credibility for ratemaking purposes; ~~((and))~~ or

(c) Policies involving a new product or coverage for which there is no appropriate analogy to similar exposures for ratemaking purposes.

(2) ~~((Every))~~ A rating rule for ~~((such classes of policies shall))~~ the classes of insurance described in subsection (1) of this section must be ~~((included in an appropriate rate manual and))~~ filed with the commissioner. ~~((Such a))~~ The rating rule ~~((shall consist only of a notation of))~~ must display the symbol "(a)" or include a statement that risks in the class ~~((shall))~~ must be submitted to the insurer for rating.

(3) The insurer's rating of a refer-to-company risk ~~((shall))~~ must be based on a documented underwriting analysis of:

(a) Specific ~~((definable))~~ characteristics related to potential for loss ~~((potential characteristics,))~~;

(b) Analogy to similar exposures ~~((7))~~; and

(c) Available loss frequency and severity data.

(4) Examples of unclassified risks for which "(a)" or refer-to-company rating is appropriate (~~((refer to company))~~) risks include but are not limited to:

- (a) Manufacturing and construction risks, such as:
  - (i) Ammunition manufacturing((~~7~~))i
  - (ii) Dam construction((~~7~~))i
  - (iii) Irrigation works operation((~~7~~))i and
  - (iv) Logging railroad--operation and maintenance.
- (b) Owners, landlord and tenants risks, such as:
  - (i) Amusement devices, designed for small children only, not otherwise classified (NOC)((~~7~~))i
  - (ii) Christmas tree lots--open air((~~7~~))i
  - (iii) Bleachers or grandstands((~~7~~))i
  - (iv) Dude ranches((~~7~~))i
  - (v) Firing ranges--indoor((~~7~~))i
  - (vi) Parks or playgrounds((~~7~~))i and
  - (vii) Zoos.
- (c) Product risks, such as:
  - (i) Aircraft or aircraft parts manufacturing((~~7~~))i
  - (ii) Ball or roller bearing manufacturing((~~7~~))i
  - (iii) Chemical manufacturing--household--NOC((~~7~~))i
  - (iv) Discontinued operations--products((~~7~~))i
  - (v) Electronic component manufacturing((~~7~~))i
  - (vi) Firearms manufacturing--over .50 caliberi
  - (vii) Instrument manufacturing--NOC((~~7~~))i
  - (viii) Levee construction((~~7~~))i
  - (ix) Machinery or machinery parts manufacturing((~~7~~))i
  - (x) Pharmaceutical or surgical goods manufacturing((~~7~~))i
  - (xi) Products--NOC((~~7~~))i
  - (xii) Sign manufacturing--NOC((~~7~~))i
  - (xiii) Tank manufacturing--metal--not pressurized((~~7~~))i
  - (xiv) Textile coating or impregnating((~~7~~))i
  - (xv) Tool manufacturing--hand type--powered((~~7~~))i
  - (xvi) Valves manufacturing((~~7~~))i
  - (xvii) Wheels manufacturing((~~7~~))i
  - (xviii) Wire goods manufacturing--NOC((~~7~~))i and
  - (xix) Wood products manufacturing--NOC.

(5) Insurers writing risks subject to this (~~((regulation shall maintain))~~) section must keep separate documentation, including loss experience, on each risk written and (~~((shall be prepared to))~~) must provide (~~((such))~~) the documentation to the (~~((insurance))~~) commissioner upon request.

AMENDATORY SECTION (Amending Matter No. R 98-4, filed 10/7/98, effective 11/7/98)

**WAC 284-24-080 Rate filings (~~((required for certain))~~) rule for inland marine risks.** Under RCW 48.19.030 and 48.19.070 (~~((recognize~~

that)), insurers are not required to file rates with the commissioner for certain inland marine risks that are ((by general custom of the business)) not written according to manual rates or rating plans. The following inland marine classes of risks, which are((, however, by general custom of the business)) characterized by large numbers of insureds and homogeneous loss exposure, are written according to manual rates or rating plans((, and, therefore, manual)) and must be filed under chapter 48.19 RCW. Manual rates, classification or rating plans ((applicable)) that apply to the following types of risks ((shall)) must be filed with the commissioner:

- (1) Accounts receivable ~~((and valuable papers and records,))~~  
coverage;
- (2) Agricultural machinery, farm equipment and livestock ~~((floaters,))~~ coverage;
- (3) Bicycle floater~~((,))~~;
- (4) Boatowners' insurance or coverage for pleasure boats twenty-six feet and under in length;
- (5) Camera~~((s,))~~ floater;
- ~~((+5))~~ (6) Camera and musical instrument dealers~~((,))~~;
- ~~((+6))~~ (7) Commercial articles coverage (photographic equipment and musical instruments);
- (8) Communications equipment, including cell phones, pagers, and portable personal computers;
- (9) Equipment dealers((,)) coverage;
- (10) Film coverage form;
- (11) Fine arts private collections;
- (12) Fine arts dealers;
- (13) Floor plan merchandise coverage;
- (14) Fur dealers;
- ~~((+7))~~ (15) Hardware ((and implement dealers floater,))  
dealers;
- ~~((+8))~~ (16) Implement dealers ((stock floater,
- ~~(9) Fine arts (private collections),~~
- ~~(10) First class mail,~~
- ~~(11) Floor plan,~~
- ~~(12) Furriers' block,~~
- ~~(13) Furriers' customers,))~~;
- ~~((+14))~~ (17) Garment contractors((,));
- ~~((+15))~~ (18) Golfer's equipment floater((,
- ~~(16) Musical instruments,~~
- ~~(17) Negative film floater,~~
- ~~(18) Neon signs,))~~;
- (19) Jewelry dealers;
- (20) Mail coverage;
- (21) Personal articles floater((,));
- ~~((+20))~~ (22) Personal effects((,)) floater;
- ~~((+21))~~ (23) Personal furs or fur floater((,));
- ~~((+22))~~ (24) Personal jewelry or jewelry floater((,));
- ~~((+23))~~ (25) Personal property floater((,));
- ~~((+24))~~ (26) Physicians' and surgeons' equipment ((floater,))  
coverage;

~~((+25) Registered mail,))~~ (27) Signs coverage;  
~~((+26))~~ (28) Silverware floater((7));  
~~((+27))~~ (29) Stamp and coin collection floater((7  
~~(28) Theatrical floater,~~  
~~(29) Tourist baggage,))~~;  
 (30) Travel ~~((baggage (issued in combination with))~~ coverage  
other than accident and sickness ((insurance),));  
 (31) ~~((Wedding presents,))~~ Valuable papers and records; and  
 (32) ~~((Boatowners' and/or boats twenty-six feet and under in~~  
length that are used for pleasure.)) Wedding presents.

AMENDATORY SECTION (Amending Matter No. R 98-4, filed 10/7/98, effective 11/7/98)

**WAC 284-24-100** ~~((Standards for))~~ Schedule rating plan((s))  
rules. (1) An insurer may file a schedule rating plan ((shall  
apply only to those classes of insurance ())) for the following  
monoline or packaged(( commonly known as commercial vehicle,  
commercial general casualty, commercial inland marine, commercial  
fidelity, surety, commercial crime, and commercial property)) types  
or subtypes of insurance:

- (a) Commercial automobile;
- (b) Commercial crime;
- (c) Commercial fidelity and surety;
- (d) Commercial general liability;
- (e) Commercial inland marine;
- (f) Commercial multiperil; and
- (g) Commercial property.

(2) A schedule rating plan ~~((shall))~~ must provide for no more than a twenty-five percent credit (reduction) or debit (charge). A schedule rating plan ~~((shall))~~ must not be combined with other rating plans or rating rules in such a way that the schedule rating affects the premium by more than twenty-five percent.

(3) ~~((Any))~~ If an expense modification rule ~~((which))~~ does not prescribe specific credits or debits for particular situations ~~((is considered to be))~~ the commissioner will consider it similar to schedule rating. In ~~((such a))~~ this case, the combined effect of schedule and expense modifications ~~((shall))~~ must not exceed twenty-five percent.

(4) If an expense modification plan prescribes specific credits for particular situations, ~~((+))~~ such as various premium size ranges or commission levels~~((+))~~, the insurer is not required to include these credits or debits ~~((are not included))~~ in the twenty-five percent schedule rating maximum.

(5) A schedule rating plan must provide for an objective analysis or risk by the insurer ~~((of the risk))~~ and be based on specific ~~((factual))~~ information ~~((supporting))~~ that support the rating decision. ~~((Items such as the following may be~~

~~considered:))~~ An insurer may consider these types of risk factors:

- (a) Management capacity for loss control and risk improvement, including financial and operating performance.
- (b) Condition and upkeep of premises and equipment.
- (c) Location of risk and suitability of occupancy.
- (d) Quality of fire and police protection.
- (e) Employee training, selection, supervision, or similar elements.
- (f) Type of equipment.
- (g) Safety programming.
- (h) Construction features and maintenance.
- (i) Classification variances, including differences from average hazards.

(6) If a risk is rated below average (debited) under a schedule rating plan, the insurer must advise an insured or applicant, upon timely request, ~~((will be advised by the insurer))~~ of the factors ~~((which resulted in))~~ that led to the adverse rating so that the insured or applicant ~~((will be fairly apprised of any))~~ can take appropriate corrective action ~~((that might be appropriate with respect to the insurance risk))~~.

(7) ~~((A))~~ The insurer must administer each schedule rating plan ~~((shall be administered))~~ equitably and ~~((applied))~~ apply it fairly to every eligible ~~((risk which an insurer elects to insure))~~ applicant or insured.

~~((Records supporting))~~ (8) The insurer must keep documentation that supports the development of individual risk modifications ~~((shall be retained by the insurer))~~ for ~~((a minimum))~~ the later of three years or ~~((until))~~ the ~~((conclusion))~~ end of the next regular examination conducted by ~~((the))~~ its home state insurance ~~((department of its domicile, whichever is later, and made))~~ regulator.

(a) The insurer must make these documents available ~~((at all reasonable times))~~ for ~~((the commissioner's))~~ examination by the commissioner upon request.

(b) The records must include copies of all documentation used in ~~((making each particular determination))~~ the development of each individual risk modification, even ~~((though))~~ if a credit or debit ~~((may))~~ does not result.

AMENDATORY SECTION (Amending Matter No. R 98-4, filed 10/7/98, effective 11/7/98)

**WAC 284-24-110** ~~((Effect of changes to))~~ An insurer must make a rate filing to change zip code boundaries. (1) An insurer ~~((shall))~~ must not change an insured's rates solely because the insured's zip code has been changed by the United States Postal Service. This section ~~((shall))~~ does not ~~((be construed to))~~ prohibit insurers from using zip codes to define rating

territories. ((However,))

(2) ~~The zip code boundaries ((in effect at the time an insurer makes a rate filing defining the territories shall)) approved by the commissioner determine the physical boundaries of ((these territories)) each territory. ((These)) The insurer must make a new rate filing to change the physical boundaries ((can be changed only by the insurer's subsequent rate filings)) of a rating territory.~~

#### NEW SECTION

**WAC 284-24-115 Effective date rules.** (1) Filers must include a common effective date for all rates submitted in a filing. If a filer includes a request in the filing, an insurer may use a different effective date for renewal policies, subject to a maximum interval of forty-five days.

(2) The proposed effective date must be a specific date.

(a) Vague statements, such as one that says the insurer will implement a filing thirty days after approval is not specific, and does not comply with this section.

(b) If an insurer is filing a new program or optional coverage, the filer may request an effective date concurrent with the commissioner's approval.

(3) The proposed effective date must be consistent with Washington law. Rates filed under RCW 48.19.043 must propose an effective date no more than thirty days before the date filed.

(4) If an insurer revises the effective date of a filing, the commissioner must receive the request in SERFF before the original effective date of the filing.

AMENDATORY SECTION (Amending Matter No. R 2006-12, filed 4/17/07, effective 5/18/07)

**WAC 284-24-120 ((Suspension of)) Rate filing requirements((--)) are suspended for large commercial accounts.**

(1) Under RCW 48.19.080, the commissioner will suspend the rate filing requirements in chapter 48.19 RCW ((are suspended with respect to)) for large commercial property and casualty accounts.

(2) For purposes of this section, "large commercial property and casualty account" means property and casualty insurance ((coverage)) as defined in WAC 284-24-001(10) that((-

(a) Involves the lines of property and casualty insurance defined in RCW 48.11.040, 48.11.050, 48.11.060, 48.11.070, and/or 48.11.080; and

~~(b))~~ is purchased by a business, not-for-profit organization, or public entity with enough insurance buying experience to negotiate with insurers in a largely unregulated environment and that meets any two of the following criteria:

~~((i))~~ (a) Annual premiums of one hundred thousand dollars or more, excluding workers compensation insurance issued by the department of labor and industries and types of insurance listed in subsection (6) of this section;

~~((ii))~~ (b) Net revenues or sales in excess of one hundred million dollars;

~~((iii))~~ (c) More than two hundred employees;

~~((iv))~~ (d) Net worth over fifty million dollars;

~~((v))~~ (e) Is a not-for-profit organization or public entity with an annual budget or assets of at least forty-five million dollars;

~~((vi))~~ (f) Is a municipality with a population over fifty thousand.

(3) Before an insurer issues coverage ~~((in reliance on))~~ under this section, the insurer or its ~~((agent shall))~~ insurance producer must notify the insured in writing that the rates have not been and will not be filed ~~((for the commissioner's))~~ with the commissioner for approval.

(4) ~~((Property))~~ The Washington Insurance Examining Bureau will not audit rates used on large commercial property casualty accounts ((will not be audited by the Washington Insurance Examining Bureau)) under WAC 284-20-006.

(5) The commissioner ~~((retains the right and ability to))~~ may examine ~~((the))~~ rates used ~~((on))~~ for pricing large commercial property and casualty accounts to ~~((ascertain whether))~~ determine if they meet the requirements of ~~((RCW 48.19.020 and other statutes))~~ chapter 48.19 RCW and Title 284-24 WAC. ~~((The insurer shall maintain records supporting))~~ If an insurer relies on this section to issue a policy, the insurer must keep supporting documentation for the ((rating)) underlying rates and final premium determination ((of each policy issued in reliance on this section. These records shall be retained by the insurer)) for a minimum of three years after the policy is issued and ((made)) make it available ((at all reasonable times for)) to the commissioner((s examination)) upon request.

(6) Subsection (1) of this section does not apply to:

(a) Professional liability insurance, including ~~((medical malpractice))~~ all types of malpractice and errors and omissions insurance;

(b) ~~((Directors' and officers' liability insurance purchased by individuals;~~

~~(c))~~ Reimbursement insurance policies that ((reimburse)) indemnity service contract providers or protection product guarantee providers for contractual obligations assumed under a service contract or protection product guarantee; and

~~((d))~~ (c) Master policies under which certificates of coverage are issued to individual consumers, households, businesses, or other organizations.

## Chapter 284-58 WAC

### ~~((REGULATIONS PERTAINING TO))~~ LIFE AND DISABILITY FORM AND RATE FILINGS

#### NEW SECTION

**WAC 284-58-005 Definitions that apply to this chapter.** The definitions in this section apply throughout this chapter.

(1) "Complete filing" means a package of information containing insurance forms, supporting information, documents and exhibits submitted to the commissioner electronically using the System for Electronic Rate and Form Filing (SERFF).

(2) "Credit insurance" means the types of insurance defined in RCW 48.34.030 (1) and (2).

(3) "Date filed" means the date a complete filing has been received and accepted by the commissioner.

(4) "Disability insurance" means the same as in RCW 48.11.030.

(5) "Filer" means a person, organization or other entity that files insurance forms or rates with the commissioner for an insurer.

(6) "Insurance" means the same as in RCW 48.01.040.

(7) "Insurer" means an insurer defined in RCW 48.01.050 that has been issued a certificate of authority by the commissioner under chapter 48.05 RCW.

(8) "Life insurance" means the same as in RCW 48.11.020.

(9) "NAIC" means the National Association of Insurance Commissioners.

(10) "Objection letter" means correspondence created in SERFF and sent by the commissioner to the filer that:

(a) Requests clarification, documentation or other information;

(b) Explains errors or omissions in the filing; or

(c) Disapproves a form under RCW 48.18.110.

(11) "Rate" or "rates" means all classification manuals, rate or rule manuals, rating plans, rating schedules, minimum rates, class rates, and rating rules that insurers must file under RCW 48.19.010(2) and 48.34.100.

(12) "SERFF" means the System for Electronic Rate and Form Filing. SERFF is a proprietary NAIC computer-based application that allows insurers and other entities to create and submit rate, rule and form filings electronically to the commissioner.

(13) "Type of insurance" means a specific type of insurance



listed in the *Uniform Life, Accident and Health, Annuity and Credit Coding Matrix* published by the NAIC and available at [www.naic.org](http://www.naic.org).

AMENDATORY SECTION (Amending Matter No. R 98-11, filed 6/16/98, effective 7/17/98)

**WAC 284-58-010** ~~((Title and))~~ Purpose of this chapter.  
~~((1))~~ This chapter ~~((, WAC 284-58-010 through 284-58-260, shall be known and may be cited as))~~ contains the Washington state life, disability and credit insurance form and rate filing requirements.

~~((2))~~ The purpose of this chapter is to adopt processes and procedures for insurers and filers to use when submitting life, disability and credit insurance products with the commissioner.  
Rules in this chapter:

~~((a))~~ (1) Establish the necessary contents of a form filing ~~((, including the documents to be used in connection with a form filing,~~

~~(b) Designate the types of policy forms which may not be filed by certification under RCW 48.18.100(2); and~~

~~(c) With respect to disability insurance,))~~;

(2) Establish the filing requirements ((with respect to manuals of classification, manual of rules and rates, and modifications thereof)) for credit and disability insurance classification plan and rate and rule manuals; and

(3) Effective January 1, 2009, designate SERFF as the method by which filers must submit life, credit and disability filings to the commissioner.

AMENDATORY SECTION (Amending Matter No. R 98-11, filed 6/16/98, effective 7/17/98)

**WAC 284-58-020** Scope of this chapter. (1) This ~~((regulation))~~ chapter applies to all life and disability insurers ~~((and to all forms required to be filed with the commissioner))~~ that must file forms and rates under RCW 48.18.100, ((and to all manuals of classification, manuals of rules and rates and modifications required to be filed with respect to disability insurance under RCW)) 48.19.010(2) and 48.34.100.

(2) Under RCW 48.18.100 ((establishes three basic types of form filings. The first type contemplates the approval of the commissioner. The second type contemplates a filing containing a certification, which permits the insurer to use the form without approval, immediately after the filing. The third type, for commercial property casualty forms, permits the insurer to use

~~forms thirty days before filing. The first, or approval, type of filing requires the commissioner to act within thirty (or forty-five days, if extended under RCW 48.18.100(3)), and, if the form has not been either approved or disapproved during such time period, the form is deemed approved and may be used by the insurer. In either case)), the commissioner is required to act within thirty days to approve or disapprove a form. The commissioner may extend the review period to forty-five days under RCW 48.18.100(3). If the commissioner does not act within the review period, the form is deemed approved and the insurer may use the form. The commissioner may subsequently withdraw approval ((or stop the use)) of a form ((for cause)).~~

#### NEW SECTION

**WAC 284-58-023 Certification process does not apply to life, disability or credit insurance forms.** Insurers may not use the certification process described in RCW 48.18.100(2) to file life, disability or credit insurance forms. Insurers must file these forms under RCW 48.18.100(1) or 48.34.100.

#### NEW SECTION

**WAC 284-58-025 Filing instructions that are incorporated into this chapter.** SERFF is a dynamic application that the NAIC will revise and enhance over time. To be consistent with NAIC filing standards and provide timely instructions to filers, the commissioner will incorporate documents posted on the SERFF web site into this chapter. By reference, the commissioner incorporates these documents into this chapter:

(1) The *SERFF Industry Manual* posted on the SERFF web site ([www.serff.com](http://www.serff.com)); and

(2) The *Washington State SERFF Life and Disability Rate and Form Filing General Instructions* posted on the commissioner's web site ([www.insurance.wa.gov](http://www.insurance.wa.gov)).

AMENDATORY SECTION (Amending Matter No. R 96-1, filed 5/2/96, effective 6/2/96)

**WAC 284-58-030 General** ~~((contents of all life and disability)) form and ((disability)) rate filing((s)) rules.~~ (1) Each credit, life or disability insurance form or rate filing must be submitted to the commissioner(~~(, whether for approval or by certification, shall be submitted with the filing transmittal form prescribed by and available from the commissioner. Use of a standardized transmittal form makes it easier for the commissioner to identify filings, issuers, and other important identifying information; permits more efficient tracking of filings; and makes it less difficult to provide status reports of filings to persons outside the office. The form will include the name of the filing entity, its address, identification number, the type of filing being submitted, the form name or group name and number, and other relevant information. In addition, the filing shall include:~~

~~(1) One filing report as required by WAC 284-58-040 and, if applicable, a certification prepared pursuant to WAC 284-58-190 or 284-58-210, as appropriate.~~

~~(2) The printed form or forms, completed in John Doe fashion if appropriate.~~

~~(3) Rates, manuals of classification, manuals of rules and rates and modifications thereof, if appropriate.~~

~~(4) Actuarial memorandum of nonforfeiture values, if appropriate.~~

~~(5) Actuarial demonstration of anticipated loss ratio, if appropriate.~~

~~(6) Any additional data or information requested by the commissioner)) electronically using SERFF.~~

(a) Every form filed in SERFF must be attached to the form schedule.

(b) Filers must send all written correspondence related to a form or rate filing in SERFF.

(2) Filed forms must be legible for both the commissioner's review and retention as a public record. Filers must submit forms to the commissioner for review in:

(a) Ten-point or larger type; and

(b) Final printed form or printer's proof format.

(3) Filers must submit complete filings that comply with the SERFF Industry Manual posted on the SERFF web site ([www.serff.com](http://www.serff.com)) and the Washington State Life and Disability Form Filing General Instructions posted on the commissioner's web site ([www.insurance.wa.gov](http://www.insurance.wa.gov)).

(4) Filers must submit separate filings for each type of insurance. This section does not apply to credit insurance filings made under RCW 48.34.040.

#### NEW SECTION

**WAC 284-58-033 Specific rate filing rules.** If a rate filing is required under RCW 48.19.010(2) or 48.34.100, it must:

- (1) Be submitted separate from but concurrent with the corresponding form filing; and
- (2) Include, if appropriate:
  - (a) Rates, manuals of classification, manuals of rules and rates and modifications thereof;
  - (b) Actuarial memorandum of nonforfeiture values;
  - (c) Actuarial demonstration of anticipated loss ratio; and
  - (d) Any additional data or information requested by the commissioner.

#### NEW SECTION

**WAC 284-58-037 Commissioner may reject filings.** (1) The commissioner may reject and close any filing that does not comply with WAC 284-58-030 or 284-58-033. If the commissioner rejects a filing, the insurer has not filed forms or rates with the commissioner.

(2) If the commissioner rejects a filing and the filer resubmits it as a new filing, the date filed will be the date the commissioner receives the new filing.

#### NEW SECTION

**WAC 284-58-043 Filing authorization rules.** An insurer may authorize a third-party filer to file forms or rates on its behalf. For the purposes of this section, a "third-party filer" means a person or entity in the business of providing insurance regulatory compliance services.

(1) If an insurer delegates filing authority to a third-party filer, each filing must include a letter as supporting documentation signed by an officer of the insurer authorizing the third-party filer to make filings on behalf of the insurer.

(2) The insurer may not delegate responsibility for the content of a filing to a third-party filer. The commissioner will consider errors and omissions made by the third-party filer to be errors and omissions of the insurer.

(3) If a third-party filer has a pattern of making filings that do not comply with this chapter, the commissioner may reject a delegation of filing authority from the insurer.

#### NEW SECTION

##### **WAC 284-58-047 Rules for responding to an objection letter.**

An objection letter may ask the filer to revise a noncompliant form or rate filing or provide clarification or additional information. The objection letter will state the reason(s) for disapproval, including relevant case law, statutes and rules. Filers must:

(1) Provide a complete response to an objection letter. A complete response must include:

- (a) A separate response to each objection, and if appropriate;
  - (b) A description of changes proposed to noncompliant forms, and a replacement form attached to the form schedule; or
  - (c) Revised exhibits and supporting documentation.
- (2) Respond to the commissioner in a timely manner.

#### NEW SECTION

**WAC 284-58-053 Rules for replacement forms.** If an insurer files a replacement form, the filer must provide the supporting documentation described below:

(1) A detailed explanation of all material changes to the previously approved form; and

(2) An exhibit that marks and identifies each change or revision to the obsolete form using one of these methods:

(a) A draft form that strikes deletions and underlines additions or changes in the form;

(b) A draft form that includes comments in the margins explaining the changes in the forms; or

(c) A side-by-side comparison of current and proposed policy language.

#### NEW SECTION

**WAC 284-58-057 Effective date rules.** (1) Filers must include a common approval date for all forms or rates submitted in a filing.

(2) The proposed approval date must be a specific date.

(3) Filers may submit a request to change the approval date of a filing as a note to reviewer.

#### NEW SECTION

##### **WAC 284-58-061 Reference copies of amendatory endorsements.**

If an insurer will use a previously approved Washington amendatory endorsement with a new form, the filer must:

- (1) Provide a copy of the amendatory endorsement attached as supporting documentation; and
- (2) Explain how the insurer will use the amendatory endorsement with the new form.

#### NEW SECTION

**WAC 284-58-066 Rules that apply to insurance forms translated from English to another language.** An insurer may issue forms written in languages other than English. If an insurer decides to issue forms in a language other than English, the filer must:

- (1) File both the translated and English versions of the form.
- (2) Provide written certification by a person certified by the American Translators Association or a comparable organization that the:
  - (a) Translation is accurate; and
  - (b) Translated version provides as much coverage as the English version.
- (3) Provide written certification from an officer employed by the insurer that it will interpret the translated form based on the version most favorable to the policyholder.

#### REPEALER

The following sections of the Washington Administrative Code are repealed:

WAC 284-58-070	General designation of life and disability forms which may not be filed by certification.
WAC 284-58-080	Individual disability insurance forms, certification not permitted.
WAC 284-58-090	Group disability insurance forms, certification not permitted.
WAC 284-58-100	Group disability insurance forms which may be filed by certification.
WAC 284-58-110	Blanket disability insurance forms, certification not permitted.
WAC 284-58-120	Blanket disability insurance forms

WAC 284-58-130	which may be filed by certification. Individual life insurance and annuity forms, certification not permitted.
WAC 284-58-140	Individual life insurance and annuity forms which may be filed by certification.
WAC 284-58-150	Group life insurance and annuity contract forms, certification not permitted.
WAC 284-58-160	Group life insurance and annuity forms which may be filed by certification.
WAC 284-58-170	Credit insurance forms, certification not permitted.
WAC 284-58-180	Fraternal benefit society forms.
WAC 284-58-190	Certification form to be used for disability insurance form filings.
WAC 284-58-200	Form to be used for certification of disability insurance form or rate filings.
WAC 284-58-210	Certification form to be used for life insurance and annuity form filings.
WAC 284-58-220	Form to be used for certification of life insurance or annuity form filings.
WAC 284-58-250	General contents of a form filing for property and casualty insurance and kinds of insurance other than life and disability.
WAC 284-58-260	Designation of forms for insurances which may not be filed by certification.

REPEALER

The following sections of the Washington Administrative Code are repealed:

WAC 284-20-100	Modification of form filing requirements.
WAC 284-20-150	Rules that exempt certain commercial property casualty forms from filing requirements.